



## **Tennessee Housing Development Agency**

**404 James Robertson Parkway, Suite 1114**

**Nashville, Tennessee 37243-0900**

**615/741-2400**

**Janice L. Myrick**

Executive Director

Writer's Phone Number:

615-741-2400

Writer's Fax Number:

615-253-5865

## **2004 LIHTC MARKET STUDY GUIDELINES**

### **Part IX B. 8. of the THDA 2003 Qualified Allocation Plan:**

#### **8. Market Study:**

- a. A market study performed by an independent third party must be provided for all proposed developments within the time period specified in the Reservation Notice. This study, in a form and with content acceptable to THDA in its sole discretion, must support the need and demand for the type of housing proposed, taking into account all other subsidized developments in the market area and including data on comparable units being 90% rent occupied, the market feasibility of the proposed rent structure. The market study must include all information identified in the Reservation Notice.
- b. For Initial Applications proposing rehabilitation, the market study must include a complete and detailed work plan showing all necessary and contemplated improvements and the projected cost.
- c. Market studies must be less than six months old at the time of submission in order to be acceptable.
- d. Based on the information and analysis presented in the market study, and based on other information available to THDA, THDA may determine, in its sole discretion, that market demand is not sufficient to support the proposed development. If such a determination is made, THDA will cancel the Reservation Notice and recapture the Tax Credits pursuant to Part IX-D-1.

### **Additional information:**

"Comparables" as used in property appraisals are not acceptable. The market study must include, without limitation:

1. Name and telephone number of person performing the study, their qualifications to perform the market study, and a statement indicating the person and/or entity performing the study has no identity of interest with any person or entity involved in the Development, including, without limitation, the ownership entity and any of its partners, any other member of the development team, or any individuals involved in any such entities;
2. On site field study by person performing the market study;
3. Data identifying and describing the market areas, neighborhood and site, including geographic and demographic information;
4. Data identifying existing units and rent types, as well as any existing LIHTC developments or proposed developments which have LIHTC reservations which will be built or renovated in the market area or neighborhood;
5. Data to support a proposed rent structure of 90% or less of the maximum allowable net LIHTC rents for the area, if such a rent structure was proposed in the Initial Application;
6. Data identifying vacancies of rental units in the market area and neighborhood;
7. Data identifying income qualified households at or below the LIHTC income limits for that particular area;
8. Current and projected need based on market conditions supported by data from various market sources including waiting list information from all Section 8 and local public housing authorities serving the area;
9. Projected absorption time (rent up) of the proposed units by the market; and
10. Data identifying and supporting the need for rental housing for the elderly (55 years and older) and persons with disabilities, if such structure was proposed in the initial application.
11. Land value analysis and information with regard to comparable land sales.
12. Color photographs of the proposed site and surrounding neighborhood.

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